

PROJECT NUMBER: 49924

PROSPECTUS FOR PROPOSED CONSTRUCTION UNDER
THE PUBLIC BUILDINGS ACT OF 1959

HOUSING AND HOME FINANCE AGENCY BUILDING WASHINGTON, D. C.

1. DESCRIPTION OF PROPOSED PROJECT:

The project contemplates the construction of a Federal Office Building with related service facilities and fallout shelter for the headquarters activities of the Housing and Home Finance Agency on a site to be acquired in the District of Columbia, in the Southwest Redevelopment Area or in any other area.

Approximate Areas:

Gross - 1,296,000 Sq. Ft. Net Assignable - 823,000 Sq. Ft.

2. ESTIMATED MAXIMUM COST OF PROJECT:

a. Site, design, etc.	\$ 3,000,000
b. Construction	28,690,000
c. Fallout Shelter.	<u>310,000</u>
Total estimated maximum cost	\$32,000,000

3. JUSTIFICATION

Present Space Occupancy

The Housing and Home Finance Agency has more than 3,300 employees in the District of Columbia located in 16 buildings. Organizations sharing common staff and services are in 9 separate locations and include the Office of the Administrator, the Community Facilities Administration, and the Urban Renewal Administration. The Federal Housing Administration is split among 6 buildings with warehouse and supply facilities more than two miles distant. Only the Public Housing Administration and the Federal National Mortgage Association have all offices under one roof.

Program Operation

HHFA is unusual in the extent to which its programs relate one to the other and in the almost complete interdependence of many of its programs in achieving a common goal. The extent to which these programs are properly coordinated affects directly both the effectiveness of the programs in attaining the purposes for which they were set up and the efficient use of program funds.

The establishment of the Housing Agency in 1947 recognized the need for a permanent means of coordinating the then existing Federal housing programs. The later transfer of programs from other agencies and the enactment of new national programs directed toward the complex problems of urban growth have increased many fold the responsibilities of the Housing Administrator for the coordination of Agency activities and the need for close day-to-day working relationships at all levels among the Agency's constituents.

On an urban renewal project, for example, the basic aids made available through the Urban Renewal Administration may be supplemented through the mortgage insurance programs of the Federal Housing Administration, through secondary financing of the FHA insured mortgages by the Federal National Mortgage Association, through financial assistance by the Public Housing Administration for housing low-income families, and through loans and advances from the Community Facilities Administration to aid in the construction of local public works.

Present Space Dispersal Problems

Despite continuous efforts to achieve space consolidation, dating from 1947, there has been an ever-increasing dispersal of the Agency's staff. There is no foreseeable prospect of consolidating Housing Agency space in existing rental property or public buildings.

Dispersal of the Agency's staff makes it difficult and wasteful of time for top-level officials to confer upon matters of common interest. It also inhibits to a serious degree the informal staff consultations which are essential to an effective relationship among the constituents and which facilitate the decisions of top-level officials.

Dispersal also makes it more difficult for other Federal agencies and the representatives of the public and private groups to do business with the Agency. This has become increasingly serious as the Agency's programs have increased in complexity and in the number of inter-constituent relationships which are involved.

The tangible effects of dispersal can be illustrated by the 20,000 street-miles traveled last year in intra-agency messenger service and by the need for maintaining duplicate service facilities in instances when a pooling of common resources would provide more effective services at considerably less cost. It is evident that the annually recurring savings which could be achieved through this means alone would be substantial.

Proposal

The Administration proposes to solve this problem by the construction of an office building on a site to be acquired in the District of Columbia in the Southwest Redevelopment Area or in any other area. Financing would be provided through a loan from the Federal Housing Administration's Mutual Mortgage Insurance Fund under appropriate legislative authorization or the project cost programed for financing under direct appropriation.

The gross floor area of the building would be approximately 1,296,000 square feet. Net assignable space would total 823,000 square feet, of which 570,000 square feet would be office space and 253,000 square feet would be used for service facilities such as an auditorium, warehouse and supply services, cafeteria, and interior parking. In addition to 70,000 square feet of interior parking space it is proposed to provide about 70,000 square feet of parking space on the building site. These areas will accommodate from 470 to 500 cars.

The building would accommodate the Washington headquarters staff and provide about 50,000 square feet of space as a reserve for future expansion which would be utilized by other Federal agencies until needed by Housing and Home Finance Agency.

Estimated Costs

If financed by a loan from the Mutual Mortgage Insurance Fund it would be amortized over a period of 25 years with interest at 4 per cent. The total annual payment on principal and interest would be \$2,036,685. This payment would be met by assigning a rental value of \$3.19 per square foot to the 570,240 square feet of usable office space, and \$1.50 per square foot to 148,000 square feet of warehouse and supply services space. These rental values do not include maintenance, repair, or operations charges. Nor do they include maintenance and operation costs of parking areas.

If funded by direct appropriation the annual cost upon completion of the building would be limited to maintenance, repair and operation expenses.

Saving Factors

The following savings should be considered in evaluating this proposal:

1. Annual dollar savings through consolidation of such services as supply and warehousing, reproduction, general reference and law library facilities, statistical tabulating equipment, mail rooms, and graphic facilities.
2. It is estimated that the reduction in mileage charge on telephones alone would be \$12,500 per year and a reduction in costs of renting, storing, and operating motor equipment would be \$30,000 per year.
3. Based on past experience, costs to the Government for space now occupied, which is costing \$2,055,133 annually, will increase substantially during the life of the building herein proposed. These costs would be stabilized by the proposed construction.
4. The consolidation of Agency offices would result in more effective and economical operating relationships among the various parts of the Agency.

4. COMPARATIVE ANALYSIS OF PROVIDING SPACE BY ALTERNATIVE METHODS:

The alternative method of providing suitable space in lieu of that proposed herein is by leasing of privately-owned space. The following is a comparison of the proposed public building construction with leasing assuming: (a) a 50-year life for the new building, (b) the same cost level of operation and maintenance in the new building and leased space so that it may be excluded from the computation, and (c) repair and upkeep of the public building based on the useful lives of component parts (Bulletin F, Tables of Useful Lives of Depreciable Property, IRS Publication No. 173).

a. New Building

Total estimated project cost \$ 32,000,000

Interest for 25-year amortization period @ 4% \$ 18,917,125

(Payments on principal and interest over the initial 25-year period will equal \$2,036,685 annually, which amount is less than the base annual rent for comparable space.)

Estimated 50 year repair and upkeep costs @ 50¢ per net sq. ft. (823,350 sq. ft. x 50 x 50) 20,583,750

Total estimated 50-year cost \$ 71,500,875

Average annual cost over 50-year period 1,430,000

Annual cost per net sq. ft. \$1.74

b. Leased Building

Estimated 50-year rental:

Office space: 570,240 net sq. ft. @ \$4.00 \$ 2,281,000

Storage, garage space, etc. 253,100 net sq. ft. @ \$1.50 379,600

Annual rental over 50-year period 2,660,600

Estimated 50-year rental 133,030,000

Average annual cost per net sq. ft.

Office, storage, and garage space \$3.23

c. Estimated 50-Year Savings through construction as recommended

	<u>New Building</u>	<u>Leased Building</u>
50-year cost	\$ 71,500,875	\$ 133,030,000
Annual cost	1,430,000	2,660,600
50-year savings through construction		61,529,125
Annual savings through construction		1,230,600

In addition to the annual savings through construction it can be assumed that the residual value of the site at the end of the 50 year useful life period will be equal to at least its purchase price. The above computation also provides for an adequate level of repair and improvement of the structure throughout the period and on this basis there will remain additional years of useful life in the building after the 50-year period.

5. CURRENT HOUSING COSTS: (9/1/62)

	<u>Area Sq. Ft.</u>	<u>Annual Cost</u>
a. Leased space		
Rent and other costs	437,463	\$ 1,477,332
b. Government-owned space		
Operation, maintenance, and upkeep costs	167,312	<u>577,801*</u>
Total		\$ 2,055,133

*Includes rental paid by corporations in Lafayette Building

6. PROPOSED SPACE PLAN FOR HOUSING FEDERAL AGENCIES:

A comprehensive plan for housing the Housing and Home Finance Agency is attached (Exhibit A). Upon completion of construction, assignment and reassignment of space will be made in accordance with existing law.

7. STATEMENT OF NEED:

It has been determined that (1) the needs for space of the Federal Government in this area cannot be satisfied by utilization of existing suitable property now owned by the Government, and (2) suitable rental space is not available at a price commensurate with that to be afforded through the proposed action.

Submitted at Washington, D.C. on _____

Recommended:

ACTING

William A. Dehner
Commissioner, Public Buildings Service

Approved:

Lawson B. Frost
Administrator of General Services